

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF. DAVID MATTHEW LISNEK

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) File No. 1300411
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NOTICE OF HEARING

TO THE RESPONDENT: David Matthew Lisnek (CRD #2624952)
2500 Country Club Drive
Springfield, Illinois 62704

You are hereby notified in accordance with Sections 11 E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] ("the Act") and 14 Ill Adm Code 130, subpart K, that a public hearing will be held at the Secretary of State's office at the office of the Illinois Securities Department, 300 W. Jefferson Ave., Suite 300A, Springfield, Illinois 62702, on February 19, 2014 at the hour of 10:00 a.m., or as soon thereafter as possible as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered against Respondent David Matthew Lisnek which revokes or suspends his salesperson and investment adviser representative registrations. Additionally, said hearing will be held to determine whether an order which would prohibit Respondent from selling or offering for sale securities in the State of Illinois and/or granting such other relief as may be authorized under the Act including, but not limited to, the imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within 10 (ten) days of the entry of the Order.

The grounds for such proposed action are as follows:

Summary

This case involves a registered salesperson and investment adviser representative who, during the time period he was registered with the Illinois Securities Department ("the Department"), engaged in fraud involving at least 3 clients, each of whom are senior citizens and/or nearing retirement, **totaling approximately \$270,918 in client funds.**

Respondent holds himself out as an educator and an expert in investments and retirement planning, and authored multiple books and articles advising the public, including advice on how to avoid getting defrauded by your financial adviser while, ironically, defrauding his clients over a period of years.

I. Fraud Regarding Client "PC"

1. That David Matthew Lisnek ("Respondent") is an Illinois resident and maintains an address at 2500 Country Club Drive, Springfield, Illinois, 62704.
2. That at all relevant times, Respondent was registered as a salesperson and an investment adviser representative on behalf of LPL Financial, LLC ("LPL"), pursuant to Section 8 of the Illinois Securities Law of 1953, 815 ILCS 5 et seq. (the "Act"). Respondent has been an LPL salesperson and an investment adviser representative since September 23, 2004. During the relevant period, Respondent was also licensed to sell insurance in the State of Illinois.
3. That Respondent's business address is the same as his home address, which is reported as an LPL branch office.
4. That PC is one of Respondent's clients and an Illinois resident. PC is 84 years old, and she stated to the Department that Respondent is her "financial planner "
5. That Respondent approached client PC with an investment opportunity, whereby PC would provide funds to another client of Respondent's so that, purportedly, the client could renovate a house, and in return, PC would receive the client's REIT stock.
6. That between June 6, 2013 and September 5, 2013, PC wrote eleven (11) checks in sums of \$5,000 and \$7,500, each made payable to "David Lisnek" personally.
7. That Respondent instructed PC to write checks to Respondent (personally), totaling \$65,000, and Respondent instructed her to write the checks in amounts of \$5,000 and \$7,500 at a time, purportedly to "avoid problems with the Feds."
8. That nine of the eleven checks that PC wrote to Respondent Lisnek were deposited into accounts controlled by Respondent at a local financial institution, including a medical savings account.
9. That two of the eleven checks, totaling \$10,000 and dated June 6, 2013, were cashed by Respondent at PC's bank.
10. That Respondent's employer, LPL, specifically prohibits "accepting a check from a customer made payable to any person or entity other than an LPL Financial approved product sponsor or LPL Financial." See LPL Advisory Compliance Manual at 5.2.1.
11. That on or about October 30, 2013, the Illinois Securities Department ("the Department") received information regarding a possible securities law violation from another law enforcement agency

12. That on or about November 5–6, 2013, the Department conducted an examination of the branch office business location of 2500 Country Club Drive, Springfield, Illinois, 62704
13. That as part of the examination, Respondent was asked to provide answers to certain questions related to his securities and investment advisory business activities, and business records kept and maintained by his branch office
14. That when questioned about the transactions, Respondent identified PC's REIT stock on PC's portfolio holding report as Retail Properties of America, Inc ("RPAI").
15. That Respondent printed from his computer Client PC's portfolio holding report, containing the RPAI information, and provided a copy of the report to the Department's auditor.
16. That the examination revealed PC's portfolio holding report of \$38,469 in RPAI stock as of November 5, 2013, but that the report does not show the related transactions or transfer dates, from where or whom, to PC's portfolio, or how the transfers of RPAI stock were made. Additionally, the amount of stock transfers reflected in the report does not appear to match the \$65,000 or more in funds PC invested through Respondent between June and September 2013, where the report reflects a total of only \$38,469 in RPAI stock transferred.
17. That Respondent, when questioned, advised Department auditors that the RPAI stock transferred into PC's account came from an LPL client with an LPL account.
18. That Respondent refused to provide the name or the account number when the Department's auditors requested the *name* of the client on the account, and the *account number* from which the RPAI REIT stock was transferred to PC's account, in exchange for her invested funds (i.e., the \$65,000 in checks PC had written to Respondent). Respondent refused on three occasions during the examination to provide this requested information.
19. That upon refusing to provide the information, Respondent told the Department auditor that the client who originally owned the RPAI REIT stock did not want to reveal his/her name and account number.
20. That LPL specifically prohibits "recommending or engaging in acts designed to conceal or disguise a customer's identity, the source of investment funds, or to avoid regulatory recordkeeping." See LPL Advisory Compliance Manual at 5.2 1.
21. Pursuant to further investigation, documents provided by subpoena reveal that the RPAI REIT stock which Respondent had transferred to PC's LPL account from

the Transfer Agent in 2013 was actually the same RPAI REIT stock that PC had already owned, which she had purchased in 2011, not 2013

22. In furtherance of the fraud, Respondent had transferred PC's own RPAI REIT stock from the Transfer Agent to her LPL account in 2013; as such, it appears that Respondent did not transfer any newly purchased stock to PC's LPL account in exchange for the \$65,000 that PC had paid Respondent for stocks in 2013.
23. Client PC received nothing in return for her investment of \$65,000 or more in funds that she entrusted to Respondent between June 2013 -September 2013.
24. Relatedly, on the date of the original transfer of stock ownership in 2011, when PC originally purchased the RPAI REIT stock from another LPL client ("BD"), through Respondent, and at Respondent's recommendation, there were 1,656 152 shares of stock, at a value of \$10.00 per share, worth \$16,561 in 2011. At Respondent's recommendation, PC purchased the RPAI REIT stock for \$41,000, check # 5275, dated May 24, 2011 (i.e., she overpaid for the stock in 2011 by at least \$24,439 or about 2.5 times the actual value of the stock in 2011, at Respondent's recommendation).
25. Respondent's employer, LPL, specifically prohibits "participating or any involvements in cross transactions for Direct Participation Programs (e.g. Private REITS, Fund of Hedge Funds, Managed Futures, etc.) with clients LPL Financial Advisors may not engage in either side (buy or sale) of a cross transaction LPL will not facilitate crossing equity trades from one client account to another. Advisors must expose their trades to the open market..." See LPL Advisory Compliance Manual at 4.16.1.
26. Further investigation also revealed that Respondent used Client PC's \$65,000 of investment funds for his own benefit, spending it on his own personal and/or business expenses.
27. Respondent's employer, LPL, specifically prohibits investment advisers from taking custody of client funds: "Advisors are prohibited from having any control or custody of any funds or property of organizations or persons, regardless of whether or not they are LPL Financial clients...No custody, control or possession of any client funds are allowed outside of the parameters of their LPL Financial practice. Acting as custodian...of a customer account or taking custody of securities,...money or other property belonging to a customer is prohibited." See LPL Advisory Compliance Manual at 4.6.3.
28. Respondent's employer, LPL, specifically prohibits "borrowing money or securities from, or loaning money or securities to others." See LPL Advisory Compliance Manual at 4 16 1

II. Fraud Regarding Client "RJ" – 3 Matters

29. The Department re-alleges and incorporates Paragraphs 1 through 3 as if fully set forth herein.
30. That RJ is one of Respondent's clients, and RJ was an Illinois resident at all relevant times herein. RJ is 56 years old, and Respondent is his investment adviser.
31. In his dealings with Client "RJ", there are three (3) matters involving Respondent's improper and fraudulent conduct, where Respondent recommended and set up investment "deals" for the use of RJ's funds:
 - The Purchase of Real Property at 2500 Country Club Drive in Springfield, Illinois;
 - The Purchase of Respondent's Book Publishing Business with Copyrights to a Book; and
 - A \$40,000 Loan from Client RJ to Client "AB" for \$45,000
32. In March 2010, Respondent's client, RJ, inherited land which he sold for approximately \$800,000 before taxes, and Respondent made recommendations to RJ to invest with LPL in an annuity and two other brokerage accounts.
33. Respondent had RJ pay the taxes on the inheritance out of his brokerage account (approximately \$200,000), leaving investments with LPL totaling approximately \$600,000 (i.e., an annuity valued at \$350,000, and the remaining funds divided between two brokerage accounts).
34. On RJ's \$350,000 annuity, purchased April 6, 2010, LPL received \$24,500 in commissions. Of the \$24,500 received by LPL, Respondent Lisnek received \$22,050 in commission on the sale of this annuity to RJ.
35. Respondent *then* made recommendations to RJ for investment of RJ's funds in the three (3) above-noted "deals" that Respondent devised

The Purchase of Real Property – 2500 Country Club Drive

36. Within a year, after recommending that RJ purchase the \$350,000 annuity, Respondent approached RJ (in 2010-2011) with an opportunity to purchase real property at 2500 Country Club Drive in Springfield, Illinois (for \$272,500), and that if he allowed Respondent and his family to live there, Respondent would purchase the property from RJ in "a year and a day," for the sale price plus 18% (i.e., \$272,500 + \$49,050, a total of \$321,550), and that in the interim,

Respondent would pay RJ \$2,000 per month to rent the property and reside there. Respondent and RJ reached an oral agreement on these terms

37. In April 2011, Client RJ purchased the property at 2500 Country Club Drive with funds he withdrew from his LPL annuity, at Respondent's recommendation, and the property title is recorded in the name of "2500CC LLC." RJ had made no withdrawals of funds from his LPL annuity until he withdrew funds to purchase the property at 2500 Country Club Drive.
38. To purchase the property with funds from RJ's LPL annuity, RJ incurred an initial loss in the form of surrender charges of \$17,418.29, due to the early withdrawals from RJ's annuity in March/April 2011, at Respondent's recommendation. Notably, RJ had not made any withdrawal of funds from his annuity prior to the funds for purchase of the property. Additionally, RJ's annuity order form indicated he purchased the annuity as a long-term investment, intending to hold the annuity for 10 or more years, and paid for several additional riders reflecting same, including an income rider.
39. Respondent and his family moved into the home at 2500 Country Club Drive in May/June 2011. As noted, this is also the address of Respondent's home-office, where he has conducted his business as a salesperson and investment adviser representative since May/June 2011, and it is reported as an LPL branch office.
40. To date, Respondent failed to pay RJ any of the monthly rent agreed upon and owed (at \$2,000 per month) since May/June 2011; and Respondent has not purchased the property from RJ within the "year and a day" period agreed upon (i.e., by May/June 2012), or at all to date, pursuant to the terms agreed upon (\$321,550).
41. As of November 2013, RJ had to incur additional costs to hire an Attorney to compel compliance with the terms of his agreement with Respondent, or in the alternative, to evict Respondent and his family from the property at 2500 Country Club Drive.
42. Respondent and LPL made additional money on the "deal," where RJ was charged fees of \$7,500 for "Financial Consulting Fees" on April 8, 2011, which was charged for Respondent to prepare the contract for RJ's purchase of the 2500 Country Club Drive property, and the funds for these fees were deducted directly from RJ's LPL account. Respondent then received 90% of the "Financial Consulting Fees" back from LPL in the form of additional commission in this matter
43. In summary, Respondent has not paid any moneys to Client RJ to purchase the property at 2500 Country Club Drive, or paid any rents for the home and office space Respondent used for 2 5 years, and Respondent made commissions on the transactions related to the "deal" he recommended to RJ, where RJ also paid

surrender charges and consulting fees, and he has incurred additional expenses in this “deal”, as RJ has had to hire an attorney to compel compliance with their agreement or, alternatively, to evict Respondent from the property.

- 44 As noted, Respondent’s employer, LPL, specifically prohibits investment advisers from taking custody of client property “Advisors are prohibited from having any control or custody of any funds or property of organizations or persons, regardless of whether or not they are LPL Financial clients...Acting as custodian. .or taking custody of securities,...money or other property belonging to a customer is prohibited.” See LPL Advisory Compliance Manual at 4.6 3

The Purchase of Respondent’s Book Publishing Business with Copyrights to a Book

45. Respondent was the owner of a purported book publishing business called Local Top Advisers (“LTA”)
- 46 In December 2010, Respondent approached Client RJ with a proposal that RJ purchase LTA “and all it’s (sic.) copy rights (sic.) in *Illinois’ Top Ranking Financial Advisors* (ISBN 975972537-1)”, a book written by Respondent Respondent’s book was the only purported “asset” of the company. Respondent convinced RJ to invest \$50,000 in a purported book publishing company and copyrights to a book that are of little or no value, and Respondent failed to comply with the terms of the written agreement that he, himself, had drafted – i.e., conduct amounting to engaging in a fraudulent investment scheme.
47. On December 6, 2010, Respondent and Client RJ signed a written buy-sell agreement (“Local Top Advisers Buy-Sell Agreement”), attached herein as Attachment A The buy-sell agreement terms included, *inter alia*, the following
- Buyer RJ agreed to purchase the company, LTA, with copyrights to Respondent’s book, for \$50,000; and agreed to provide Seller Respondent or a designated agent with an “Option to repurchase all of said company” when one of the following criteria is met:
 - (a) Buyer RJ receives “\$60,000 no later than December 31, 2012, which may consist of profits from book sales and/or a minimum of 4 semi-annual installments that total no less than \$15,000 payable June and December 2011 and June and December 2012”;
 - (b) “Seller’s [Respondent’s] estate issues \$75,000 from life insurance proceeds (i) Seller will name Buyer as a 10% beneficiary on his \$750,000 AIG insurance policy to execute this Buy-Sell Agreement above any installments previously received.”

- The Buy-Sell Agreement also has “Default Provisions” which allow Buyer (RJ) to opt not to sell the company back to Seller (Respondent) for Seller’s failure to make scheduled payments.
 - The Buy-Sell agreement also stated terms for “Logistical Execution of Venture Capital”, including that the funds would be “applied toward federal tax obligations in order to remove existing liens on the Buyer’s residence...;”...that the “Seller will refinance his current mortgage and tap into approximately an \$18,000 Home Equity Line of Credit to secure at a minimum the first of four \$15,000 semi-annual installments and serve as an escrow account to receive \$2,500 a month from personal income/book proceeds . ”, and a portion will be applied to pre-pay two years of insurance premiums on the AIG policy.”
48. RJ paid Respondent the \$50,000 on or about December 6, 2010, check #1033, which cleared United Community Bank on December 7, 2010.
49. RJ received nothing of value for the \$50,000 RJ paid Respondent, where (1) LTA is not a company registered to do business and is not a legal business entity in Illinois, according to the Department of Business Services for the Illinois Secretary of State; and where (2) there is no registered copyright for Respondent’s book, *Illinois’ Top Ranking Financial Advisors*, according to United States Copyright Office records.
50. To date, Respondent has not paid RJ any funds on the “Book Deal”; the only purported “asset” of the company is Respondent’s book, which has no registered copyright and for which RJ has received no funds from sales; and Respondent has indicated to RJ that they “can no longer sell the book.”
51. Respondent drafted a contract, the Buy-Sell Agreement, in such a way as to appear that there was something of value that RJ was purchasing, but there was not, he also drafted the contract in such a way as to appear that RJ’s investment of funds would have protections built into the contract, but Respondent never provided those protections.
52. Contrary to the terms of their written agreement, “Local Top Advisors Buy-Sell Agreement”, Respondent failed to name RJ as beneficiary to 10% of a \$750,000 AIG insurance policy; and failed to pay RJ any funds, nor obtain funds from a Home Equity Line of Credit to do so, contrary to the terms of the written “Local Top Advisors Buy-Sell Agreement ”
53. As such, Respondent entered into a business transaction with Client RJ, Respondent sold RJ a company whose only purported “asset” is of little or no financial value; failed to make any payments toward the repurchase of the

company by December 2012 as agreed, or make any payments at all to date, and failed to meet any of the other terms of the written agreement that Respondent, himself, drafted.

54. Respondent provided RJ with fraudulent investment advice, and essentially borrowed/took \$50,000 from his Client RJ, provided him nothing of financial value for his investment, and failed to repay RJ any amount, moreover, Respondent failed to repay RJ the \$60,000 that Respondent agreed to repay pursuant to the terms of the written agreement
55. Respondent's employer, LPL, specifically prohibits "borrowing money or securities from, or loaning money or securities to others." See LPL Advisory Compliance Manual at 4.16.1.
56. In setting up and recommending to Client RJ a deal to purchase Respondent's purported book publishing business and related copyrights, Respondent engaged in a business transaction with his Client, RJ, provided fraudulent investment advice, and Respondent essentially borrowed money from Client RJ, then failed to repay RJ any amount, and failed to "repurchase" the company pursuant to the terms of the written agreement, and failed to comply with any of the terms of the agreement that Respondent himself drafted.

Client RJ's \$40,000 Loan to Client "AB", Another LPL Client of Respondent, for \$45,000

57. In 2010-2011, Respondent approached RJ with an opportunity to earn interest on his funds by making a loan of \$40,000 to Client "AB", another one of Respondent's LPL clients. Client AB wanted to borrow funds to buy back years in her Teachers' Retirement System for her retirement fund
58. As noted, AB is one of Respondent's clients and Respondent is her investment adviser. AB is an Illinois resident, and she is 69 years old.
59. On January 31, 2011, Respondent drafted and executed a Promissory Note between Client RJ (Lender) and Client AB (Borrower) that both RJ and AB signed, whereby, *inter alia*, AB agreed to repay the \$40,000 principal, and to additionally pay \$5,000 in interest on that principal, by May 31, 2011
60. AB timely repaid the full amount of principal, with interest, as agreed, totaling \$45,000.
61. For payment of the loan, Respondent instructed Client AB to write a personal check to Respondent, "David Lisnek", and that Respondent would deposit the check into Client RJ's LPL account.

62. Client AB wrote the \$45,000 check, #6698, payable to Respondent on May 16, 2011.
63. Respondent deposited \$30,000 (of the \$45,000 in funds from Client AB) into the account for "2500 CC, LLC", Client RJ's account for RJ's company that owned the property at 2500 Country Club Drive that Respondent was living in and working from.
64. Respondent then deposited the remaining \$15,000 (of the \$45,000 from Client AB) into Respondent's own personal bank account. Respondent then proceeded to drain the \$15,000 in funds from his own account, using the funds for his own personal and/or business expenses, without Client RJ's or Client AB's consent.
65. Respondent took \$15,000 from Client RJ (via Client AB's loan repayment), and Respondent engaged in a business transaction with his Client RJ and Client AB.
66. To date, Respondent has not repaid any of the \$15,000 of AB's loan repayment proceeds for RJ, that Respondent used for his own personal and/or business purposes.
67. As noted, Respondent's employer, LPL, specifically prohibits "accepting a check from a customer made payable to any person or entity other than an LPL Financial approved product sponsor or LPL Financial." See LPL Advisory Compliance Manual at 5.2.1
68. Additionally, Respondent's employer, LPL, specifically prohibits "borrowing money or securities from, or loaning money or securities to others." See LPL Advisory Compliance Manual at 4.16.1.

III. Additional Loans From A Client

69. The Department re-alleges and incorporates Paragraphs 1 through 3 as if fully set forth herein
70. As noted, AB is one of Respondent's clients and she is an Illinois resident. AB is 69 years old, and Respondent is her investment adviser.
71. Client AB reports that between 2012 and 2013, she loaned Respondent money on multiple occasions, at Respondent's request, totaling at least \$80,000. To do so, Respondent recommended that AB transfer/take funds out of AB's LPL account and deposit them into her bank account to write checks to Respondent
72. At Respondent's directive, Client AB wrote the following checks for personal loans, payable to the order of "David Lisnek" (Respondent) The checks were

endorsed by Respondent and deposited into bank accounts that were in Respondent's name/under Respondent's control:

Check # 6859, in the amount of \$10,000, dated 3/7/12;
Check # 6868, in the amount of \$10,000, dated 3/28/12;
Check # 6891, in the amount of \$5,000, dated 5/3/12;
Check # 6924, in the amount of \$5,000, dated 6/12/12;
Check # 6952, in the amount of \$8,000, dated 9/17/12;
Check # 7038, in the amount of \$5,000, dated 2/28/13;
Check # 7039, in the amount of \$25,000, dated 2/28/13,
Check # 0127, in the amount of \$6,000, dated 10/23/13;
Check # 0128, in the amount of \$6,000, dated 10/23/13.

These 9 checks total \$80,000

73. Client AB reports that in nearly every instance, at Respondent's recommendation, AB had to transfer/take the funds from her LPL account to deposit into her bank account in order to write the checks to Respondent for the personal loans (listed above, in para 72) Doing so drained the funds from AB's LPL account, so in order to make a final loan of \$12,000 to Respondent on 10/23/13 (i.e., two checks at \$6,000 each dated 10/23/13), AB used funds from her savings account, and had to withdraw funds from her variable annuity account, at Respondent's recommendation, to replenish her savings account To do so, AB incurred surrender charges and fees due to the early withdrawal of funds from her variable annuity
74. Client AB reports that Respondent gave her two different checks to repay these funds, with interest as agreed (\$100,000 check and a \$15,000 check), but told her in both instances, "**Do not cash the checks yet.**" To date, Respondent has not provided funds to repay the more than \$80,000 in loans, plus interest, that Respondent owes to Client AB. Again, Respondent has improperly borrowed money from a client, and Respondent has failed to repay the client for any of the loans.
75. Again, as noted, Respondent's employer, LPL, specifically prohibits "accepting a check from a customer made payable to any person or entity other than an LPL Financial approved product sponsor or LPL Financial." See LPL Advisory Compliance Manual at 5.2 1.
76. Also as noted, Respondent's employer, LPL, specifically prohibits "borrowing money or securities from, or loaning money or securities to others" See LPL Advisory Compliance Manual at 4.16.1
77. Relatedly, Respondent's employer, LPL, specifically prohibits investment advisers from taking custody of client funds "Advisors are prohibited from having any control or custody of any funds or property of organizations or

persons, regardless of whether or not they are LPL Financial clients ..Acting as custodian. .or taking custody of securities, ..money or other property belonging to a customer is prohibited.” See LPL Advisory Compliance Manual at 4.6 3.

78. That based on the above acts, Respondent’s registration in the State of Illinois is subject to a suspension or revocation, pursuant to Section 8.E.1.(h), (m), and (r) of the Act.

79. That Section 12 of the Act provides, inter alia, that it shall be a violation of the Act for anyone:

(F) To engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof,

(G) To obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(I) To employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly; and

(J) When acting as an investment adviser, investment adviser representative, or federal covered investment adviser, by any means or instrumentality, directly or indirectly:

(1) To employ any device, scheme or artifice to defraud any client or prospective client;

(2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client;
or

(3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative.

80. By virtue of the foregoing, Respondent violated Sections 12.F, 12.G, 12.I, and 12.J of the Act;

81. That Section 11 F.2 of the Act provides, inter alia, that the Secretary of State may suspend or revoke the registration of a salesperson and an investment adviser representative, and prohibit the offer or sale of securities and/or the business of rendering investment advice by any person, in order to prevent an imminent and ongoing violation of the Act;

82. That Section 11.E.2 of the Act provides, inter alia, that the Secretary of State may temporarily or permanently suspend or prohibit the offer or sale of securities in this State by any person if the Secretary of State finds that the person has violated a subsection of subsections C-K of Section 12 of the Act; and
83. That Section 11.E.4 of the Act provides, inter alia, that the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000 for each violation of the Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.

NOTICE: You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website at:

<http://www.cyberdriveillinois.com/departments/securities/lawrules.html>, or on request.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 17th day of January 2014.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State

Jane M. Bunten
Enforcement Attorney
Illinois Securities Department
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Hearing Officer
Jon K. Ellis
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Springfield, Illinois 62704
Telephone: (217) 528-6835
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Local Top Advisors Buy-Sell Agreement

Be it known that I, David Lisnek (herein known as Seller) do transfer full ownership rights of Local Top Advisors (LTA) and all of its copy rights in *Illinois' Top Ranking Financial Advisors* (ISBN 975972537-1) to [REDACTED] (herein known as Buyer) and that both parties agree to the following terms

1. Buyer agrees to purchase said company for \$50,000 (fifty-thousand dollars)
2. Buyer agrees to provide Seller or a designated agent/representative of the Seller with an Option to repurchase all of said company when one of the following criteria are met
 - a. Buyer receives a total of \$60,000 no later than December 31, 2012, which may consist of profits from book sales and/or a minimum of four (4) semi-annual installments that total no less than \$15,000 payable June and December 2011 & June and December 2012
 - b. Seller's estate issues \$75,000 (seventy-five thousand dollars) from life insurance proceeds
 - i. Seller will name Buyer as a 10% beneficiary on his \$750,000 AIG insurance policy to execute this Buy-Sell Agreement above any installments previously received

Default Provisions: In order to maintain the Option to repurchase said company, the Seller agrees to make scheduled semi-annual payments as described in 2(a) from book sales and personal income. Failure to meet this requirement will terminate the Seller's option and allow the Buyer full legal authority to resell the rights to said company and its intellectual property of LTA.

Logistical Execution of Venture Capital: This summary is intended to provide the Buyer with the logistics of how the venture capital will be utilized in order to facilitate items 2(a), and 2(b) of this Agreement:

1. Funds will be applied towards federal tax obligations in order to remove existing liens on the Buyer's residence. Once said liens have been removed, the Seller will refinance his current mortgage and tap into approximately an \$18,000 Home Equity Line of Credit to secure at a minimum the first of four \$15,000 semi-annual installments and serve as an escrow account to receive \$2,500 a month from personal income/book proceeds for future installments under section 2(a) of this agreement.
2. A portion will be applied to pre-pay two years of insurance premiums on the AIG policy.
3. Seller will retain the public relations firm "The Jenkins Group" to facilitate a statewide sales campaign of no less than three repeating contacts with various media outlets to include newspapers, TV and radio stations.

Transferability of Agreement. In the event the Buyer is deceased prior the completion of this Agreement, his interests will transfer to his estate and or named beneficiaries. Further, a revised estate beneficiary will be named on the above-mentioned AIG policy.

We affirm that the Buyer's and Seller's signatures and initials set forth herein fully execute and complete this Buy-Sell Agreement, and further attest that this document constitutes the entirety of this Agreement between the Buyer and Seller on this 6th day of December, 2010.


Seller: David Lisnek

[REDACTED]
Buyer:

ATTACHMENT A